

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 ARAE-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04

PRS-01 USIE-00 DRC-01 SSO-00 NSCE-00 INRE-00 AECE-00

FTC-01 /158 W

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC IMMEDIATE 7840

LIMITED OFFICIAL USE BUENOS AIRES 6413

EO 11652: NA

TAGS: ENRG AR

SUBJ: GOA "NATIONALIZES" HYDRO-CARBONS SALES

REF: A) BA-5644; B) BA-5726

1. AUG 23, FOLLOWING LENGTHY CABINET MEETING, GOA ANNOUNCED "NATIONALIZATION" SALE AND DISTRIBUTION OF HYDRO-CARBONS IN ARGENTINA. IN FUTURE, STATE OIL COMPANY (YPF) WILL HAVE MONOPOLY OF ALL OIL AND PETROLEUM SALES.

2. ACCORDING ONE PRESS ACCOUNT, NEW MEASURE WILL AFFECT APPROXIMATELY 3,849 FOREIGN AND LOCAL PRIVATE REGISTERED SALES OUTLETS NOW OPERATING IN COUNTRY. THESE OUTLETS DISTRIBUTED AS FOLLOWS: ESSO 1,508; SHELL 1,506; ISAURA 372 (ARGENTINE); CITIES SERVICE 230; GENERAL FUELS CO. (CGC) 154 (ARGENTINE); AND ASTRA 79 (ARGENTINE).

3. REAL SIGNIFICANCE AND IMPLICATIONS OF NEW MEASURES AS YET
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UNCLEAR. IT MAY MEAN SUBSTANTIAL EXPROPRIATION OF ASSETS, OR

ONLY CHANGE OF SIGN TO YPF. EMBASSY SEEKING REACTION FROM LOCAL
US OIL COMPANIES AFFECTED.

4. ACCORDING TO PRESS, GOA LIKELY TO WITHDRAW HYDRO-CARBONS
BILL FROM CONGRESS (BA-5644) AND RESUBMIT IT WITH NEW PROVISION
PROVIDING FOR YPF MONOPOLY OF RETAILING.

COMMENT: IT'S EARLY FOR COMMENT, BUT GOA UNDER STRONG FIRE,
PARTICULARLY FROM RADICAL PARTY, FOR NOT NATIONALIZING PETROLEUM
SALES AND DISTRIBUTION IN FIRST HYDRO-CARBONS BILL. CURRENT
MEASURE MAY REPRESENT GOA ATTEMPT MAINTAIN RADICAL (AND OTHER)
SUPPORT FOR SHAKY ECONOMIC PROGRAM. EMBASSY WILL FOLLOW UP WITH
FURTHER ASSESSMENT WHEN SITUATION CLARIFIED.
MONTLLOR

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Message Attributes

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